



MARYLAND HEALTH BENEFIT EXCHANGE

Exchange Billing and Collections Recommendation

June 8, 2012

Recap: Individual Exchange Billing and Collections Options

ACA specifies that individual billing and collections is optional for the Individual Exchange but required for SHOP

Exchange staff evaluated three approaches:

1. Exchange performs all individual billing and collections
2. Exchange performs initial billing only
3. Carriers perform initial and ongoing billing and collections

Strategic Considerations: Role of the Exchange in the Marketplace

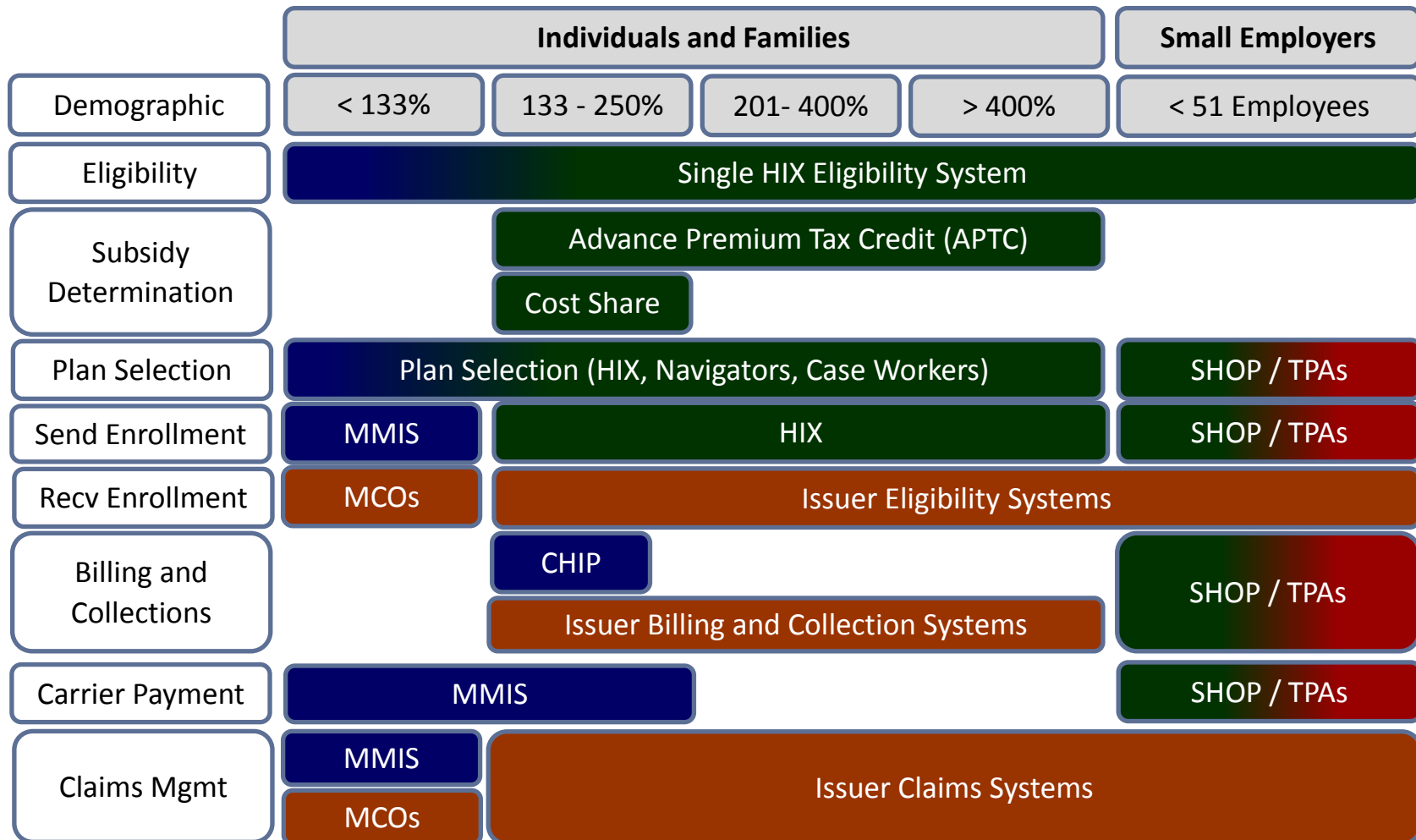
Customer Experience Perspective

- “Trusted” provider of information and education about Health Coverage Options
- Access point to financial assistance for health coverage (e.g. Medicaid, CHIP, APTC, Cost Share subsidies)
- World class online retail site for purchasing health coverage
- Ongoing guide and resource for managing health care coverage during transitional life changes (dealing with churn and continuity of coverage)
- Agent for driving down Insurance costs through transparency and possibly “active purchasing” in the future
- Provider of superior customer service

Organizational Objectives

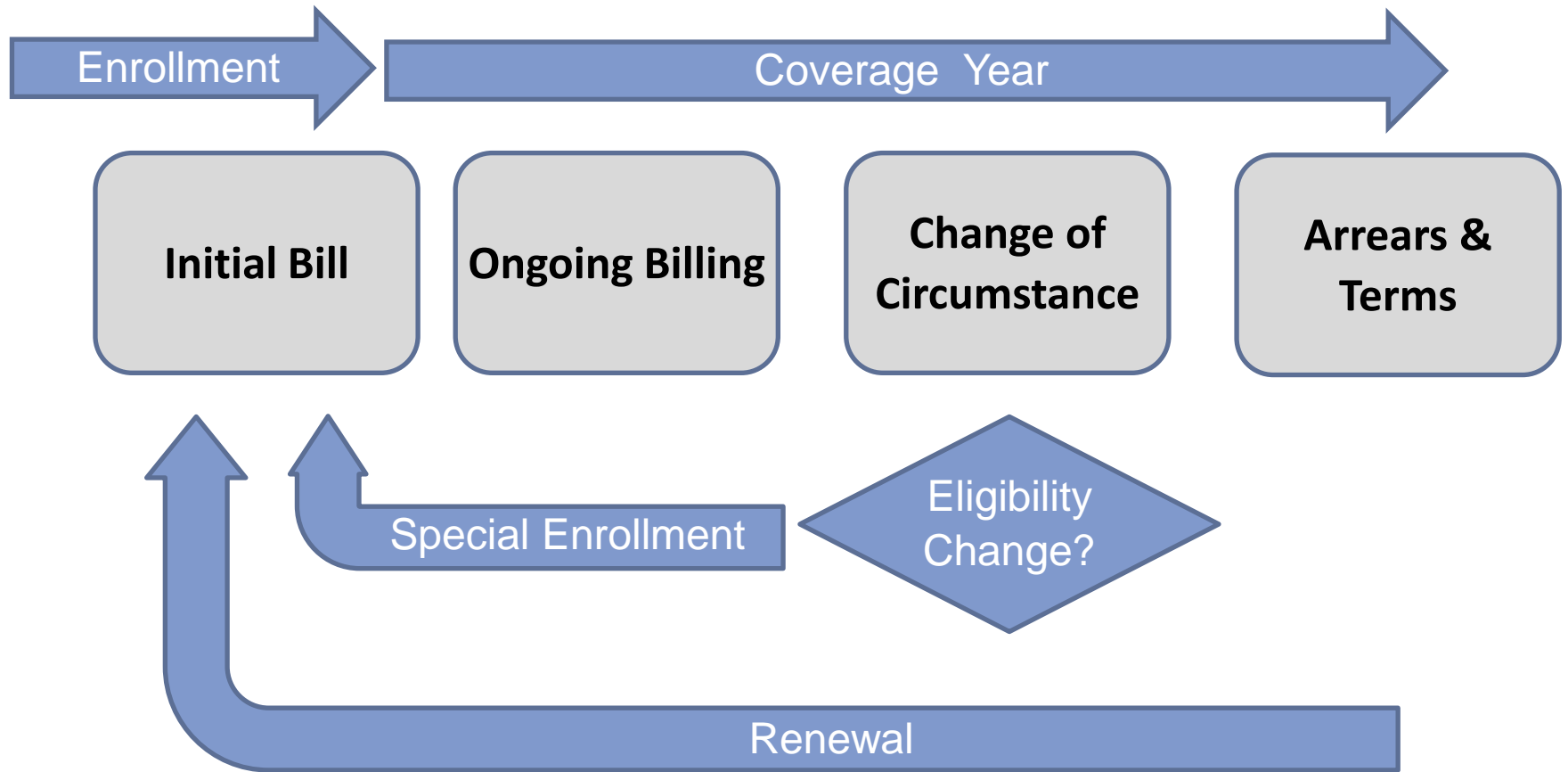
- CMS certified and fully operational by 2013
- Efficient Operations
- Effective Oversight

Medicaid and Exchange Customer Value Chain where Carriers Perform Billing and Collections



Medicaid
 Exchange
 TPAs
 MCOs and Carriers

High Level Billing and Collections Life-Cycle



Billing and Collection Workflows

All options result in risks that need to be mitigated through technology or process throughout the billing and collections life-cycle

Initial Billing

- How does the customer complete an enrollment if billing is a workflow step not handled within the HIX
- What if multiple forms of coverage (e.g. Commercial, CHIP, Dental) are selected?

Ongoing Billing

- How do the Exchange and carriers keep billing and collections data in synch?

Changes of Circumstance

- How are customers guided back to the Exchange for subsidy redetermination?
- What is the timing and process for exchanging CoC and billing changes between the HIX and carriers?

Arrears, Grace Periods, and Terminations

- How are arrears and terminations communicated between the HIX and carriers?
- How do we support consumers who can only afford partial payments or who are facing termination for non-payment (should they be redetermined for greater subsidy or Medicaid?)

Exchange Performs Individual Billing and Collections

Advantages

- Better customer online retail experience
- Capability is required for the SHOP so the incremental establishment cost will be low
- The Exchange will have an ongoing relationship with customers allowing more frequent communications, and better ability to support eligibility changes
- Billing and collections to consumers will be consistent regardless of which plan they choose or how many plans they have (e.g. ATPC and CHIP)
- Carriers are not required to have their own billing system – supports new entrants to market
- Reduces oversight and integration points with carriers

Exchange Performs Individual Billing and Collections

Disadvantages

- The risk of adding another significant function to everything else that needs to be delivered by 2014 may jeopardize other required ACA functions
- Increased operational complexity and expense for the Exchange
- Risk of ineffective billing by the Exchange will have negative carrier and customer consequences

Carriers Perform Individual Billing and Collections

Advantages

- Lower operational complexity and expense for the Exchange
- The risk of adding another significant function to everything else that needs to be delivered by 2014 may jeopardize other required ACA functions
- Most carriers are proficient in individual billing and collections and want to retain that function
- Risk of ineffective billing by the Exchange will have negative carrier and customer consequences

Carriers Perform Individual Billing and Collections

Disadvantages

- Fragmented and inconsistent online retail experience
- Significant investment for interfaces between the Exchange and carriers to mitigate customer experience issues and to provide effective oversight and monitoring
- More complex business agreements and certification requirements for carriers may discourage smaller companies and new entrants from participating in the Exchange

Recommendation Summary: Further Analysis!

The Exchange staff is not persuaded that any option is superior as there are still gaps in our knowledge with respect to customer and operational impacts

Recommend the following steps:

1. Due to synergy with group billing and low incremental cost, the Exchange proceeds with technology development of individual billing and collections
2. Hire a consultant to make a recommendation by October on whether to “operationalize” the billing and collection function. Specifically,
 - Determine impacts on customers and overall market for the different billing and collections options
 - Determine impacts on Exchange establishment and ongoing operations for the Exchange
 - Specify resource requirements, operational budget, and integration requirements with carriers for each option
 - Determine impact of option to delay Exchange billing until 2015
3. Implement Board-approved operational approach starting in Q4

Implementation Paths post Board October Decision

If Exchange performing Billing and Collections

- Technology for individual billing and collections will already be in progress
- Incorporate operational resources for individual billing into the overall Call Center operations contract (already will have billing unit for SHOP)
- Coordinate integration testing with carriers

If Exchange defers Billing and Collections to Carriers

- Modify issuer agreements to incorporate billing and collections technology integration requirements, data and reporting requirements, and performance metrics and service level agreements
- Modify HIX to integrate with issuer systems for required data exchanges
- Coordinate integration testing with carriers
- Implement policies and procedures for oversight